



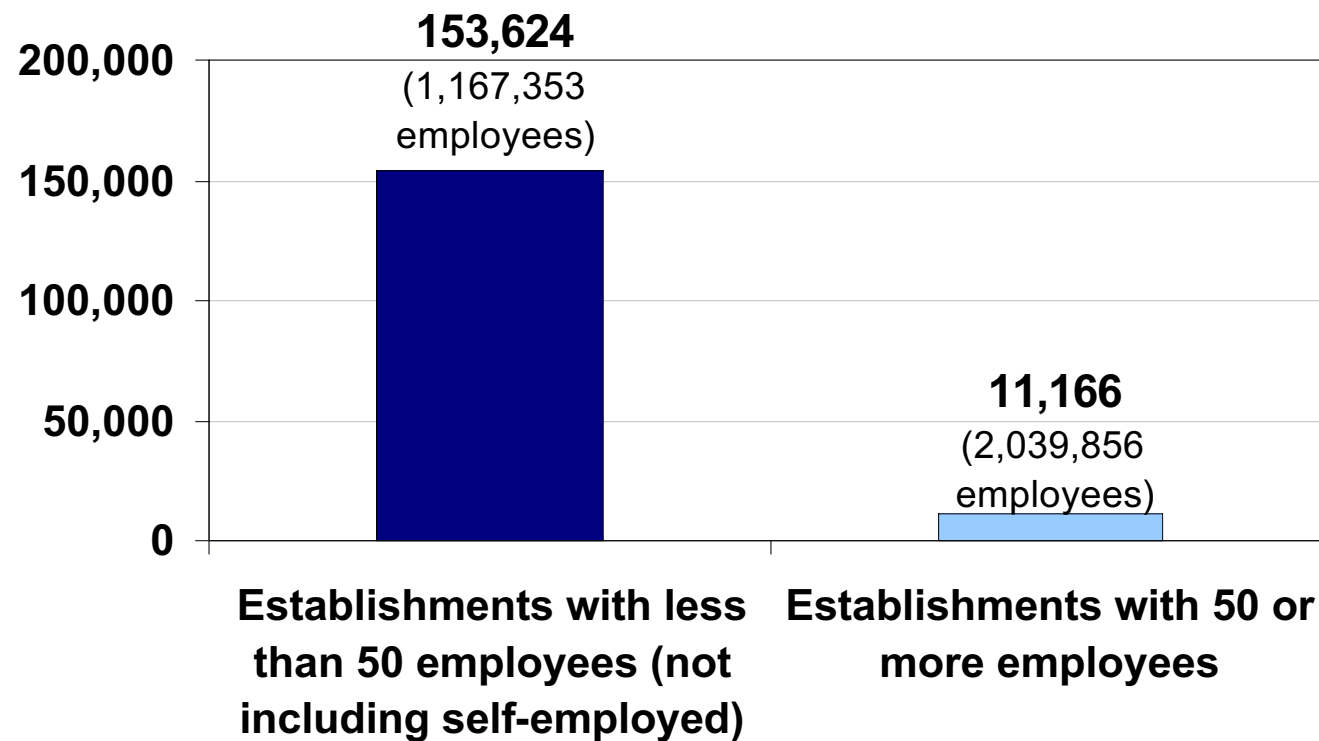
2001 Employer Survey: Instrument Description, Methodology and Study Findings



Survey Instruments

- The Division of Health Care Finance and Policy (DHCFP) conducted Household Survey of Health Insurance Status, 1998 & 2000:
 - Uninsured rate dropped from 8.2% (1998) to 5.9% (2000).
- Decision by DHCFP to conduct Employer Health Insurance Survey due to:
 - Headlines announcing rising insurance premiums
 - National surveys not large enough for analysis of Massachusetts
 - Some national tools only survey large employers
 - National data too old
- Massachusetts received federal grant to study health insurance coverage: conducted survey of employers April-November 2001.

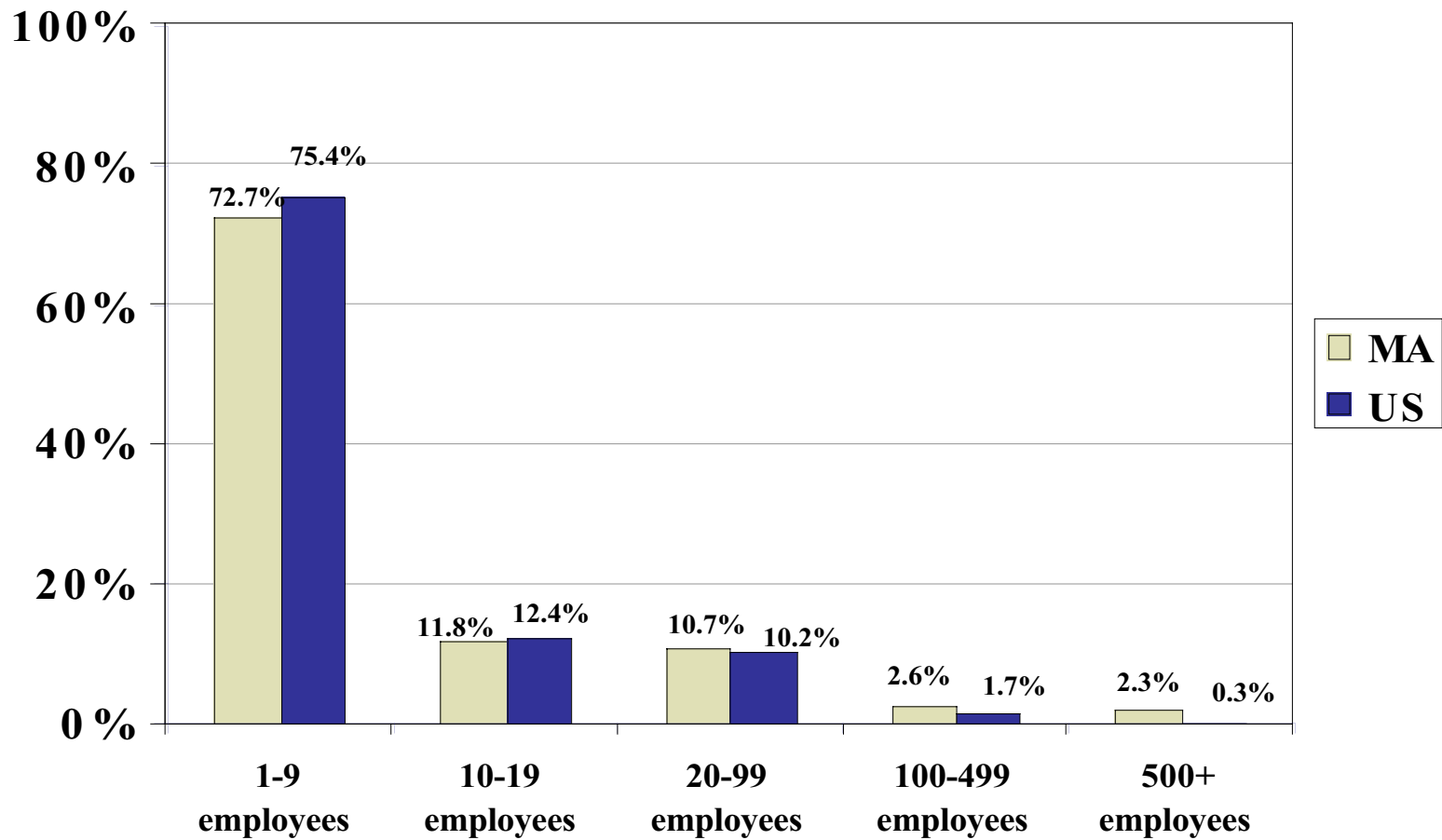
Number of Establishments in Massachusetts by size, March 2000



Note: Totals include federal, state and local government.

Source: MA Division of Employment and Training, March 2000.

Distribution of Firms in MA and US by Firm Size (1999)



Source: US Bureau of Census, Statistics of US Businesses:1999, All Industries, MA and US.



Primary Industries in Massachusetts

INDUSTRY	NUMBER OF FIRMS (Employees)
Professional, Scientific, & Technical Services	19,957 (214,495)
Retail Trade	18,172 (349,741)
Construction	15,786 (111,489)
Other Services (except public administration)	15,680 (116,772)
Health Care and Social Assistance	12,241 (444,092)
Accommodation & Food Services	11,739 (233,332)
<i>Total Number of Firms in MA (Total Employees)</i>	<i>145,810 (2,971,052)</i>

Source: United States Census Bureau, Statistics of US Business: 1999: All Industries, Massachusetts,
www.census.gov/epcd/susb/1999/ma/MA--.HTM.

Largest Employers in Massachusetts

EMPLOYERS	NUMBER OF EMPLOYEES (Firms)
Health Care & Social Assistance	444,092 (12,241)
Manufacturing	404,495 (8,851)
Retail Trade	349,741 (18,172)
Accommodation & Food Services	233,332 (11,739)
Professional, Scientific & Technical Services	214,495 (19,957)
Finance & Insurance	207,677 (5,496)
<i>Total Number of Employees in MA (Total Firms)</i>	<i>2,971,052 (145,810)</i>

Source: United States Census Bureau, Statistics of US Business: 1999: All Industries, Massachusetts, www.census.gov/epcd/susb/1999/ma/MA--.HTM.



Major Factors Associated with High Employer Offer Rates*

- Firm Size (1999)
 - MA: Greater proportion than US of firms with 20 or more employees (large firms more likely to offer health coverage)
- Per Capita Personal Income (2000)
 - US: \$29,451
 - MA: \$37,710
- Union Membership (2000)
 - US: 13.5%
 - MA: 14.3%
- Non-Hispanic White Population (2000)
 - US: 75.0%
 - MA: 81.9%.

* J. Gabel, HRET.

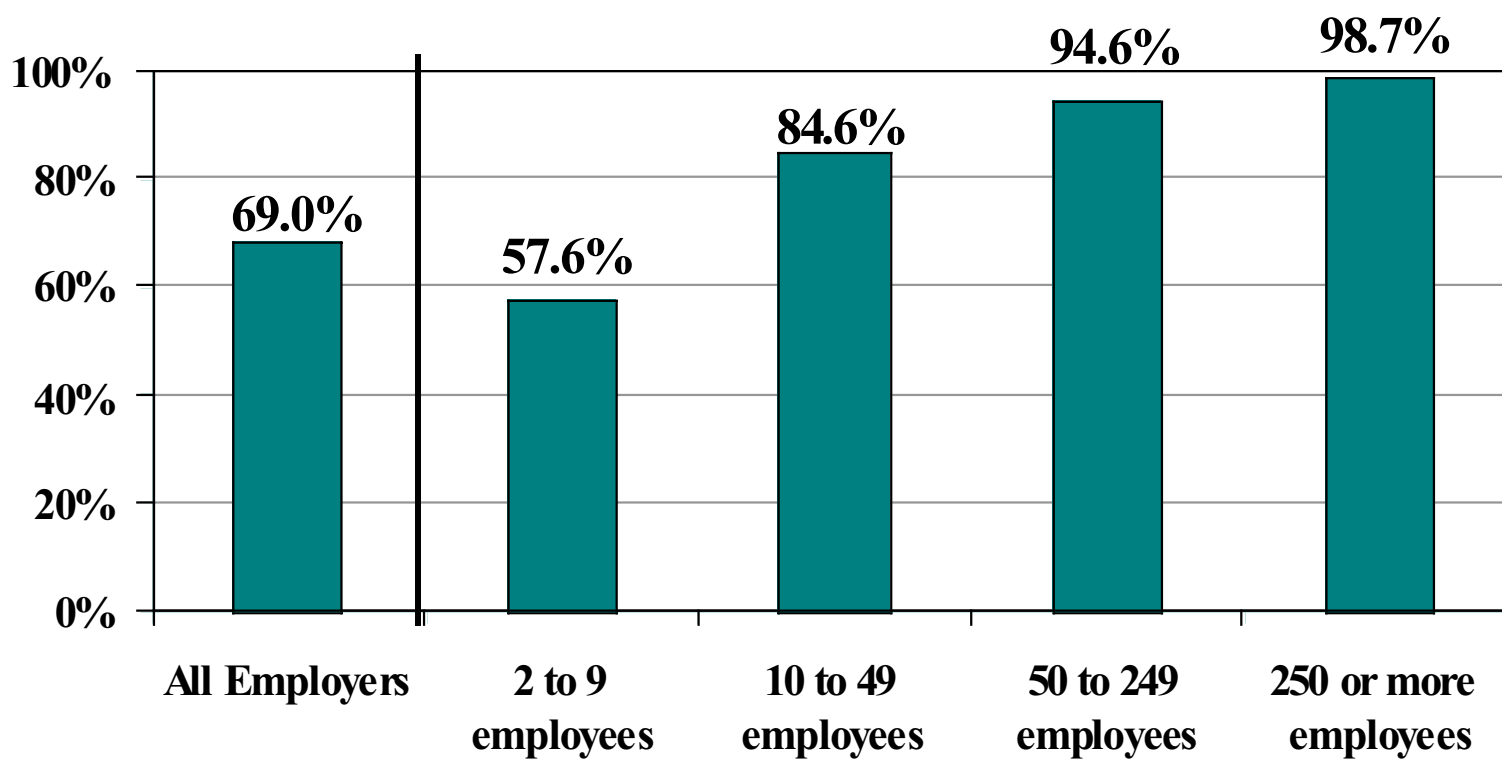
Data Sources: US Bureau of Census; US Department of Commerce, Bureau of Economic Analysis; US Department of Labor, Bureau of Labor Statistics.



MA Employer Survey Methodology

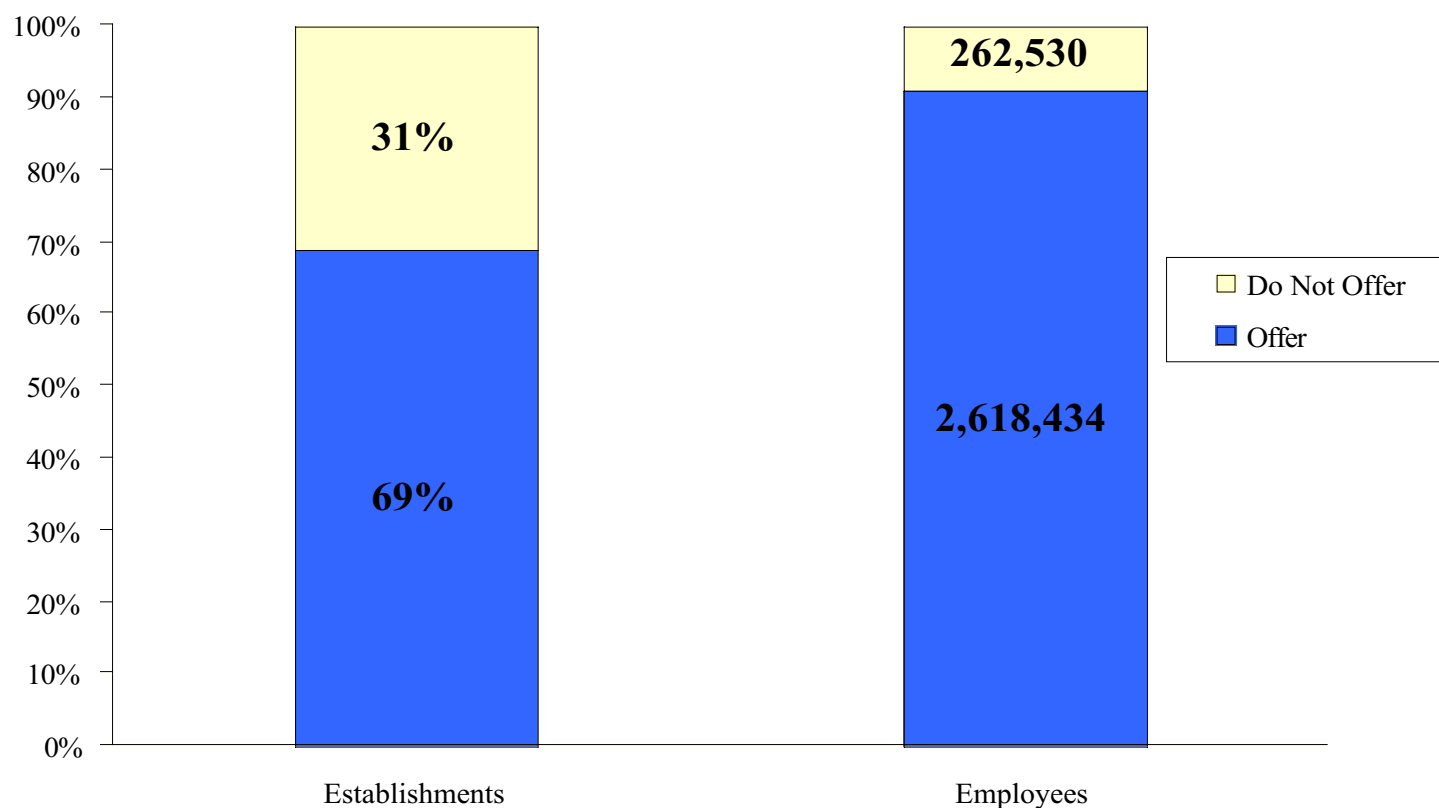
- Phone survey of over 1000 private-sector Massachusetts *establishments* - 2 or more employees (excluded city, state and federal government agencies)
- Excluded employees insured through a union
- Sample stratified by size of establishment
- Administered by the University of Massachusetts' Center for Survey Research

Private-Sector MA Establishments that Offer Insurance by Size



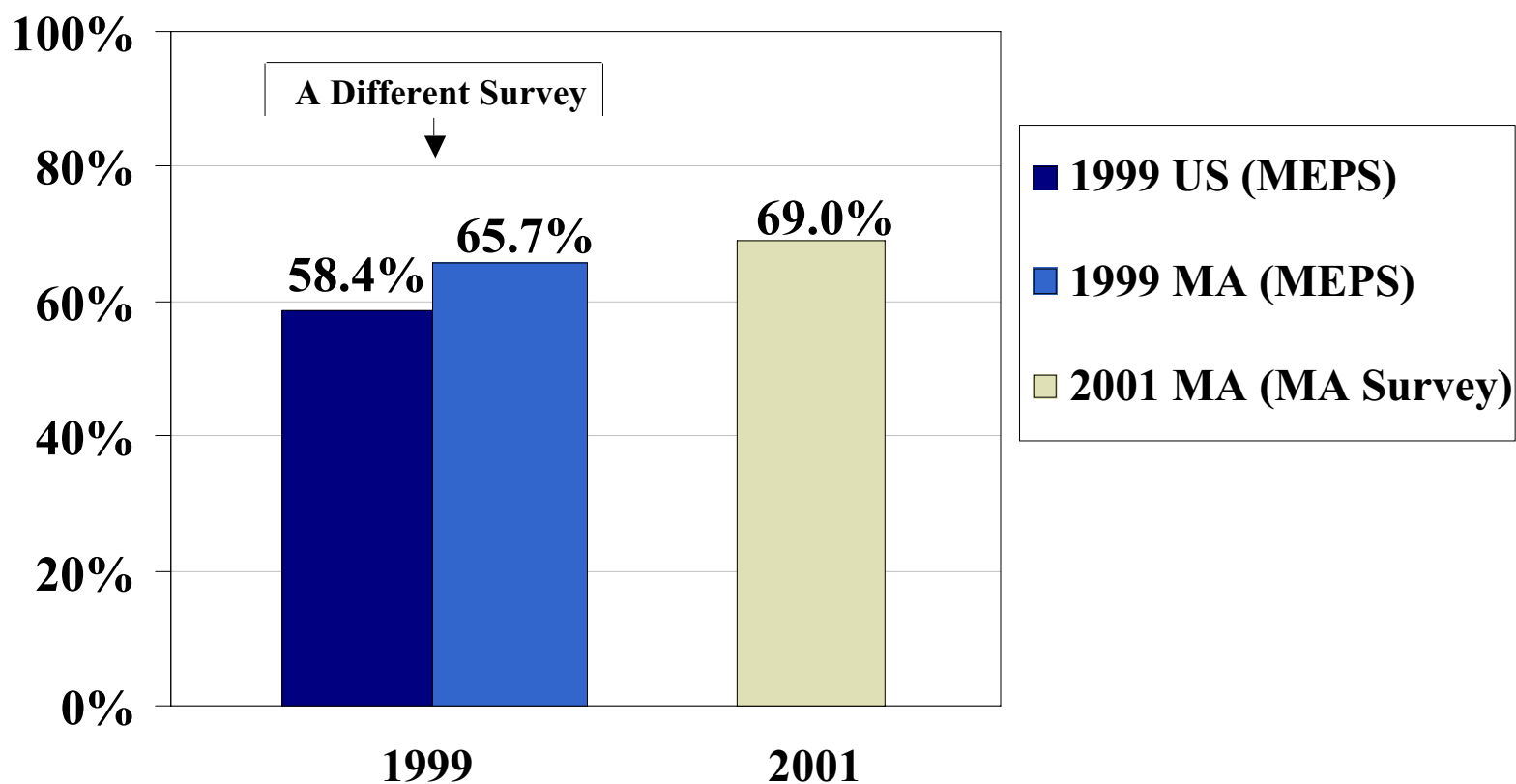
Source: Massachusetts Division of Health Care Finance and Policy,
2001 Employer Health Insurance Survey.

Private-Sector MA Establishments that Offer Insurance by Number of Employees



Source: Massachusetts Division of Health Care Finance and Policy, 2001
Employer Health Insurance Survey

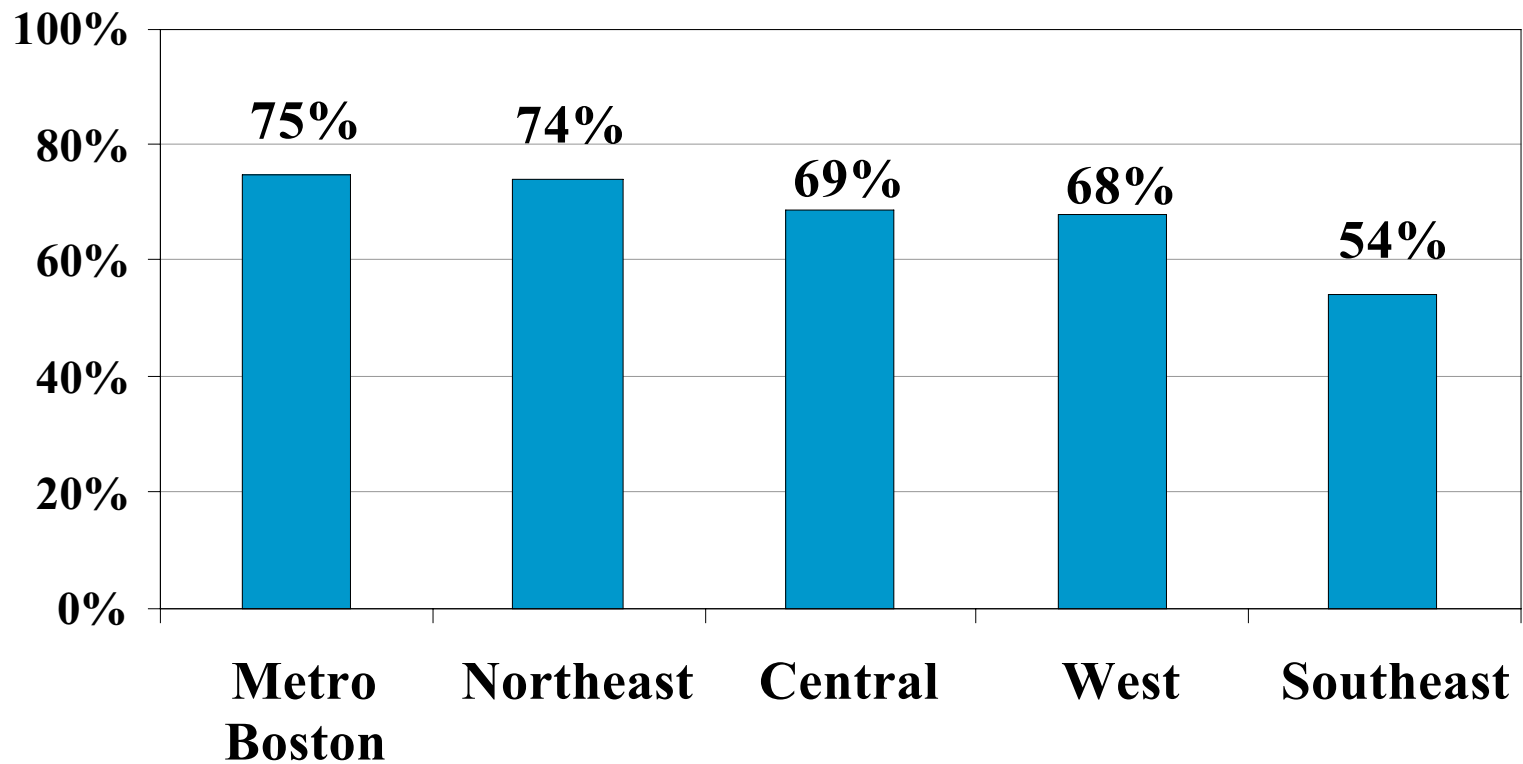
US and MA: Private-Sector Establishments that Offer Insurance



Sources: Agency for Healthcare Research and Quality, 1999 Medical Expenditure Panel Survey - Insurance Component; Massachusetts Division of Health Care Finance and Policy, 2001 Employer Health Insurance Survey.



Private-Sector MA Establishments that Offer Insurance by Geographic Location



Source: Massachusetts Division of Health Care Finance and Policy, 2001
Employer Health Insurance Survey.



Private-Sector Massachusetts Establishments Offer Health Insurance to:

- Part-time employees: 31% (must work an average of 30.2 hours to be eligible)
- Same-sex domestic partners: 22% but 32% of respondents did not know
- Opposite-sex domestic partners: 18% but 28% of respondents did not know
- Only the employee: 8%



Private-Sector MA Establishments Offering Health Coverage to Retirees

- 14% offer to under age 65
- 11% offer supplemental coverage to age 65 or older



Additional Benefits Offered by Private-Sector MA Establishments

Benefit	Percent of Employers Offering
Health Insurance	69%
Dental Insurance	51%
Disability Insurance	50%
Life Insurance	51%
Pre-tax Accounts for Medical Expenses	28%
Retirement/Pension Plan	70%



Take-Up Rate

- 77% of employees “take-up” health insurance
- 20% of employers ask employees to provide proof of coverage if they decline employer’s insurance
- 12% of employers share savings with employees who do not take insurance



Private-Sector MA Establishments with Self-Funded Plans

- 14% of all MA establishments have at least one self-funded/self-insured plan
- 26.7% of all employees enrolled in an employer-sponsored health plan are enrolled in a self-funded plan.
- Self-insurance correlated with size of establishment
- 1999 National Survey
 - U.S. 26.5%
 - MA 24.1%



Reasons for Self-Funding

- For expected savings: 87%
- To offer a richer benefit package: 64%
- To be consistent with an employer's national benefits: 49%
- To be free from state mandates: 20%

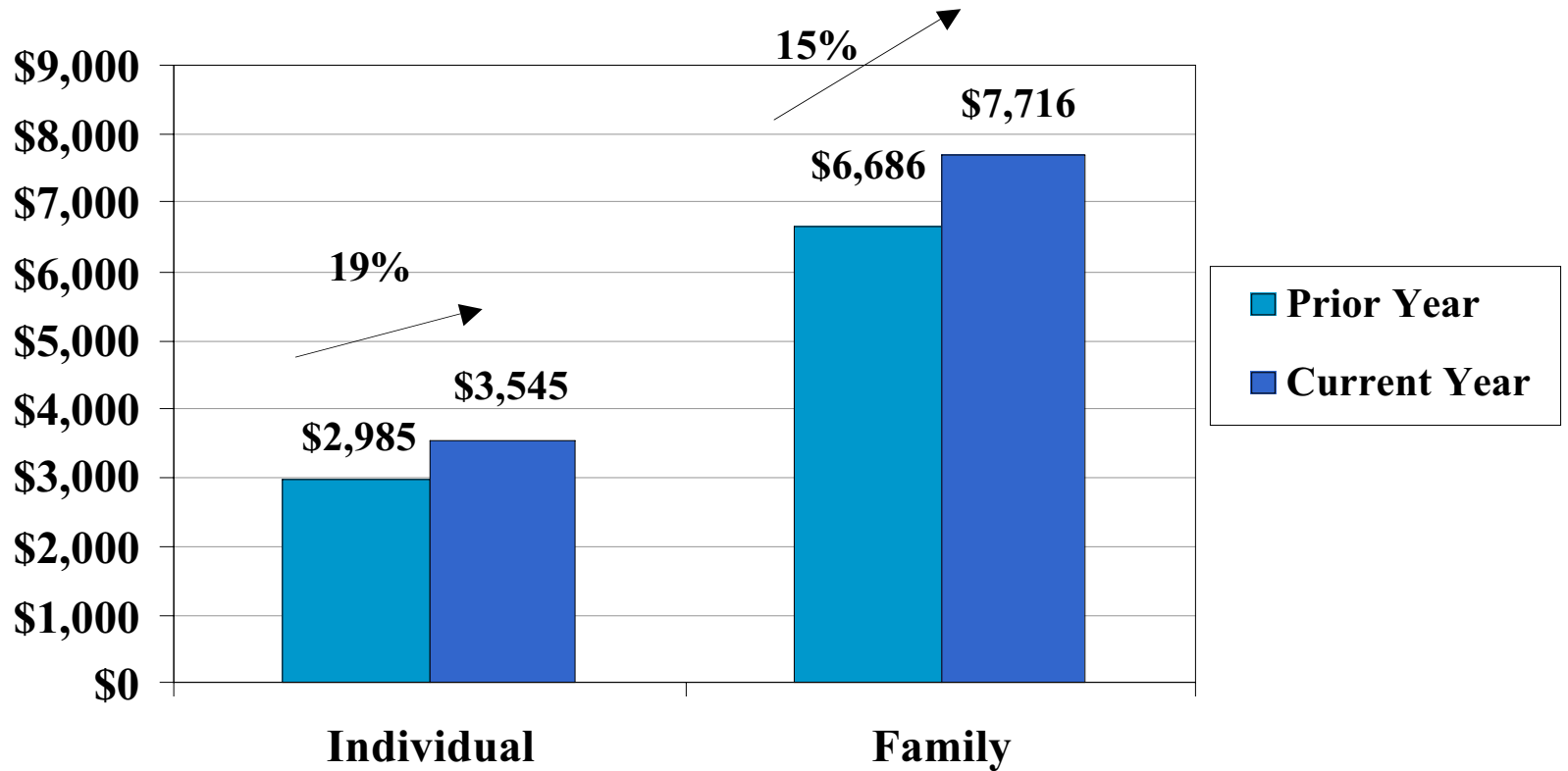


State-Mandated Benefits

- MA requires fully-insured plans to include coverage for **19** state-mandated benefits
- Average number of state-mandated benefits nationally: **14**
- But **24** states have **15** or more mandates
- Many MA establishments that self-fund still cover the mandated benefits asked about in our survey.

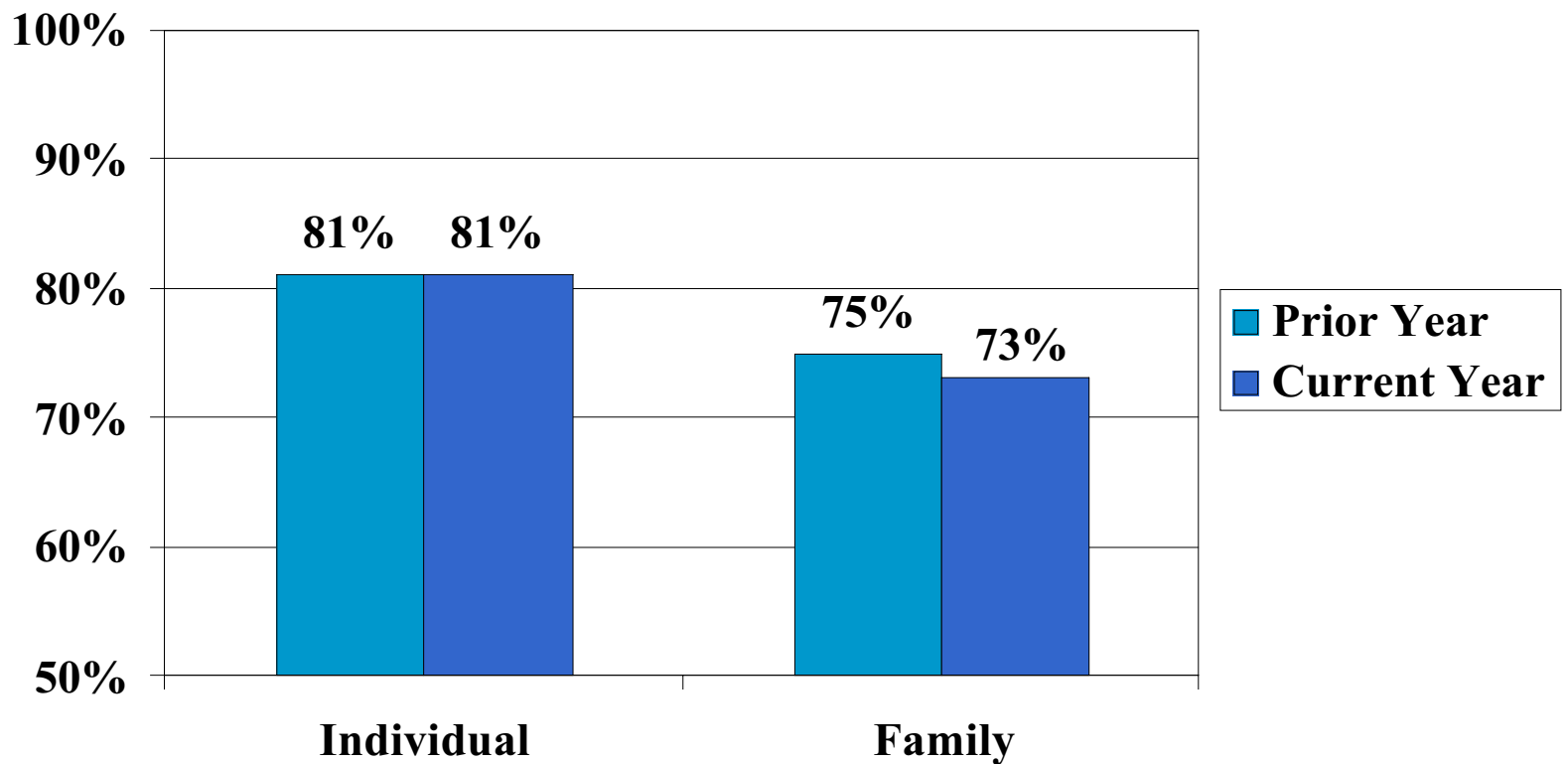
Sources: "State Mandated Benefits and Providers," Blue Cross and Blue Shield Association, December 2000 and Massachusetts Division of Health Care Finance and Policy, 2001 Employer Health Insurance Survey

Average Total Annual Premium Cost of the Most Popular Plan



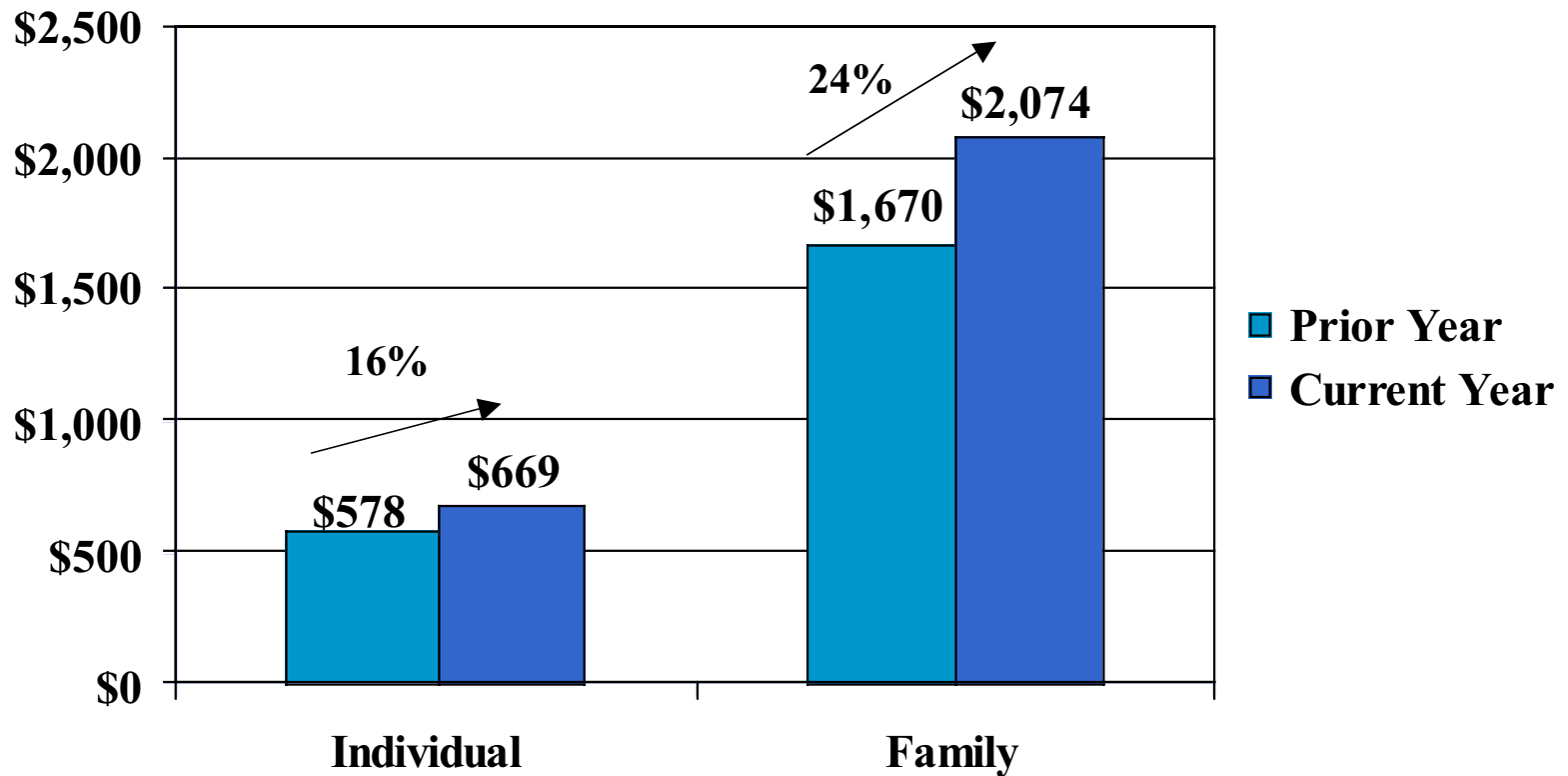
Source: Massachusetts Division of Health Care Finance and Policy, 2001 Employer Health Insurance Survey.

MA Private-Sector Employer Share of the Total Premium of the Most Popular Plan



Source: Massachusetts Division of Health Care Finance and Policy,
2001 Employer Health Insurance Survey

Average Annual Employee Contribution for the Most Popular Plan



Source: Massachusetts Division of Health Care Finance and Policy,
2001 Employer Health Insurance Survey



Premium Contributions to Health Insurance Plans **National Survey**

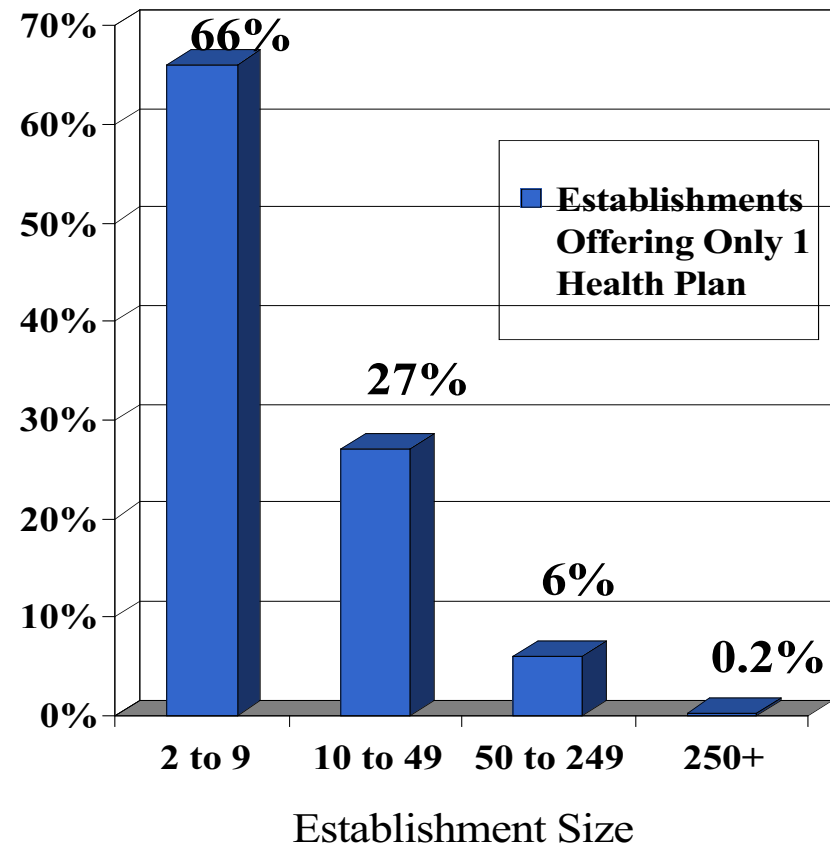
	Individual		Family	
	Employer	Employee	Employer	Employee
US	81.9%	18.1%	76.3%	23.7%
MA	77.6%	22.4%	75.8%	24.2%

2001 MA	81%	19%	73%	27%
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Source: Agency for Healthcare Research and Quality, Center for Cost and Financing Studies. 1999 Medical Expenditure Panel Survey -- Insurance Component.

Number of Health Plans Offered

- 84% of establishments, predominantly small, offer only 1 health plan to their employees.



Source: Massachusetts Division of Health Care Finance and Policy,
2001 Employer Health Insurance Survey



Waiting Periods

- 58% of establishments that offer health insurance have a waiting period before new employees are covered.
- Approximately two-thirds (65%) have a waiting period greater than one month, most commonly 3 months.



Design Changes to the Most Popular Plan During the Past 12 Months

- 28% report an increase in co-payments for physician services
- 37% report a change in the plan's pharmacy co-payment structure
- Only 4% of establishments report a reduction in plan benefits
- 11% state that benefits have increased



Prescription Drug Coverage

- The majority, 94%, of these most popular plans provide some type of prescription drug coverage.



Establishments Not Offering Coverage

- 31% report they do not offer their employees health insurance, mostly small employers.
- Only 11% report that it is very likely they would begin to offer health insurance in the next 2 years.

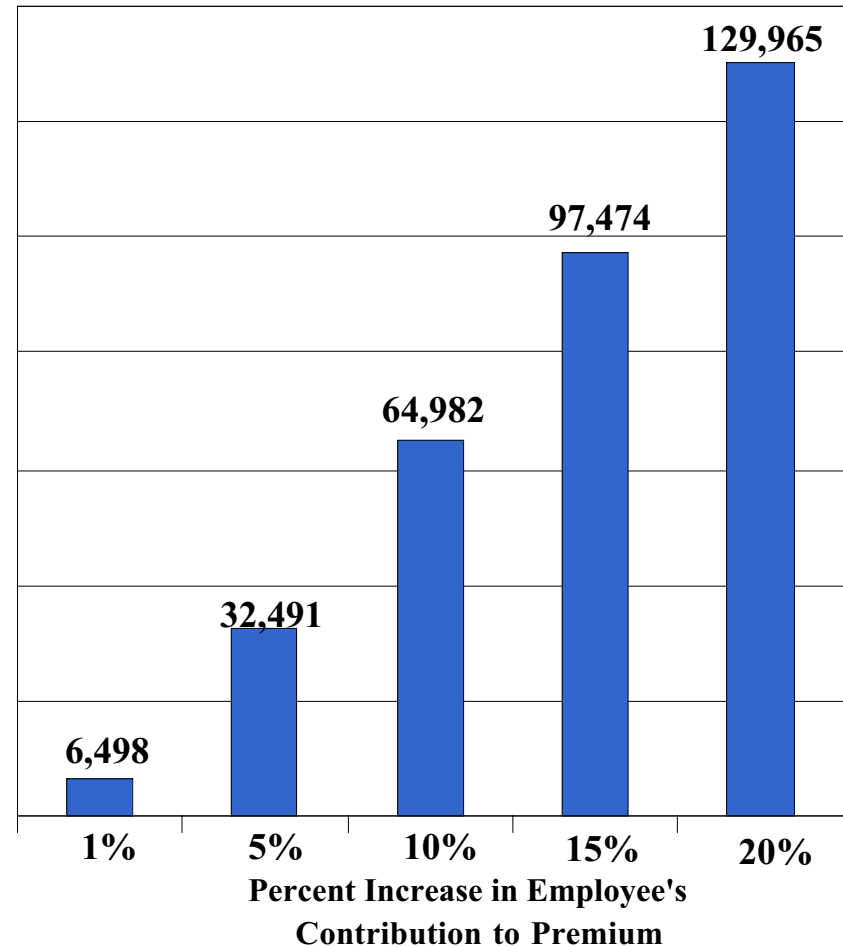


Factors rated “very important” in an establishment’s decision not to offer insurance:

- Premiums too high. 65%
- Employees covered under another insurance plan such as Medicaid or spouse’s plan. 60%
- Most employees part-time, temporary or contractual. 42%
- Financial status of the establishment prohibits it. 40%

Premium Increases Affect Health Insurance Coverage

- **Premium Elasticity:** For every 10% increase in the employee's contribution to the premium, it is projected (using a logistic regression model) that there will be a 2.12% decrease in the number of employees accepting health insurance from their employers.



Note: Figures based on 3, 065, 215 employees with insurance coverage in MA.

Source: Massachusetts Division of Health Care Finance and Policy, *Analysis in Brief*, November 2001



Division of Health Care Finance and Policy

- www.mass.gov/dhcfp:
 - Healthpoint: *Out-of-Pocket Spending for Health Care Services*
 - Datapoint
 - Access Update
 - Analysis in Brief
 - Free Care Notes
 - Health Care Information Cards
 - eDHCFP
- www.mass.gov/hrsa:
 - 2001 MA Employer Health Insurance Survey Report
 - 2001 MA Employer Health Insurance Survey Results
- Maria.Schiff@state.ma.us